

EXECUTIVE OFFICE OF THE PRESIDENT
NATIONAL SECURITY COUNCIL
WASHINGTON

March 3, 1950

MEMORANDUM FOR THE DIRECTOR OF CENTRAL INTELLIGENCE

SUBJECT : Appraisal of Foreign Economic Intelligence Requirements,
Facilities and Arrangements Related to the National Security

REFERENCE: Memo for NSC from Executive Secretary, same subject, dated
February 7, 1950

The National Security Council, the Secretary of the Treasury, and the Attorney General have approved the proposal by the Acting Chairman, National Security Resources Board, contained in the next-to-the-last paragraph of the enclosure to the reference memorandum on the subject.

The National Security Council accordingly directs the Central Intelligence Agency, in collaboration with the government agencies concerned:

1. To organize and conduct a study of
 - a. Foreign economic intelligence requirements relating to the national security, including requirements for mobilization planning;
 - b. facilities and arrangements currently employed for meeting those requirements;
 - c. the adequacy of such facilities and arrangements; and, where appropriate, means for their improvement.
2. Based on the findings of this study, to prepare for Council consideration and action a comprehensive plan for satisfying the foreign economic intelligence requirements of the national security and for a coordinated interagency effort to this end based on a definite allocation of responsibilities among the agencies concerned.

(signed)

JAMES S. LAY, Jr.
Executive Secretary

NSC Declassification/Release Instructions on File

CONFIDENTIAL

COPY

EXECUTIVE OFFICE OF THE PRESIDENT
NATIONAL SECURITY RESOURCES BOARD
WASHINGTON 25, D. C.

2 February 1950

MEMORANDUM FOR THE EXECUTIVE SECRETARY, NATIONAL SECURITY COUNCIL

SUBJECT: Appraisal of Foreign Economic Intelligence Requirements,
Facilities and Arrangements Related to the National
Security

As resources mobilization planning progresses, it is increasingly evident to the participating agencies that the full effectiveness of many segments of such planning depends upon the ready availability of adequate, timely and correlated foreign economic intelligence.

This has proved, for example, to be the case in such fields as peacetime procurement and development for stockpiling; wartime procurement and development; foreign manpower; war trade agreements; export and import controls; economic assistance to potential allies and friendly neutrals, and other foreign requirements; preclusive buying; proclaimed listing; the control of foreign assets; economic capabilities and vulnerabilities of potential allies, neutral and enemy nations.

From the experience of the agencies associated in mobilization planning in recent months, it is now feasible to determine more clearly than previously the foreign economic intelligence requirements for further planning. Many of the studies completed or under way also provide a better means than previously available of testing the adequacy of current intelligence efforts. In the light of these developments, more effective evaluation of foreign economic intelligence for mobilization planning can now be made.

Another field where foreign economic intelligence is vital is that of the formulation of current policies and programs relating to the national security. Members of the National Security Council will readily appreciate the value of constantly seeking to improve the foreign economic intelligence relating to proposals considered by the council.

Intelligence activities with regard to mobilization planning and to current security policies and programs are intricately interrelated and at many points indistinguishable. Therefore, much can be said for covering both fields in a single undertaking.

CONFIDENTIAL

Accordingly, the time seems opportune to reappraise our foreign economic intelligence requirements, facilities and arrangements as they relate to the national security, including mobilization planning. Such an appraisal would require central direction with appropriate interagency collaboration.

It is, therefore, proposed that the National Security Council direct the CIA, in collaboration with the Government agencies concerned:

1. To organize and conduct a study of
 - a. foreign economic intelligence requirements relating to the national security, including requirements for mobilization planning;
 - b. facilities and arrangements currently employed for meeting those requirements;
 - c. the adequacy of such facilities and arrangements; and where appropriate, means for their improvement.

2. Based on the findings of this study, to prepare for Council consideration and action a comprehensive plan for satisfying the foreign economic intelligence requirements of the national security and for a coordinated interagency effort to this end based on a definite allocation of responsibilities among the agencies concerned.

The staff of the NSRB has much information which would be of help in this undertaking, and will be available to assist in liaison and consultant capacities.

/s/ JOHN R. STEELMAN
JOHN R. STEELMAN

CONFIDENTIAL